
HOUSE BILL No. 1292

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21; IC 6-3.5-9; IC 6-8.1-1-1; IC 8-18-8-5; IC 8-18-22-6.

Synopsis: Local property tax replacement income tax. Allows a county council to impose a property tax replacement income tax not exceeding 1% for the county and to use tax revenues for property tax replacement credit. Provides a state distribution to local units in an adopting county in the amount of 20% of the property tax replacement income tax imposed by the county. Allows the additional distribution to be used for local road and street funding.

Effective: Upon passage; July 1, 2003.

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January 13, 2003, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1292

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss),
2 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 3. (a) The department, with the assistance of the
4 auditor of state and the department of local government finance, shall
5 determine an amount equal to the eligible property tax replacement
6 amount, which is the estimated property tax replacement.
7 (b) The department of local government finance shall certify to the
8 department the amount of homestead credits provided under
9 IC 6-1.1-20.9 which are allowed by the county for the particular
10 calendar year.
11 (c) If there are one (1) or more taxing districts in the county that
12 contain all or part of an economic development district that meets the
13 requirements of section 5.5 of this chapter, the department of local
14 government finance shall estimate an additional distribution for the
15 county in the same report required under subsection (a). This additional
16 distribution equals the sum of the amounts determined under the
17 following STEPS for all taxing districts in the county that contain all

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or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement amount attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) If a county has a property tax replacement income tax under IC 6-3.5-9 in effect on January 1 of a calendar year, the department of local government finance shall estimate an additional distribution for the county at the same time the estimated property tax replacement is determined under subsection (a). The additional distribution is equal to twenty percent (20%) of the property tax replacement income taxes that are applied by a county as property tax replacement credits to reduce the levy of civil taxing units in the calendar year, as provided in IC 6-3.5-9.

(e) The sum of the amounts determined under subsections (a) through ~~(c)~~ **(d)** is the particular county's estimated distribution for the calendar year.

SECTION 2. IC 6-1.1-21-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 13. (a) If a county has a property tax replacement income tax in effect on January 1 of a calendar year and receives a distribution under sections 3 and 4 of this chapter, the county auditor of the county shall distribute to the county and the cities and towns in the county an amount equal to the amount determined for the county under section 3(d) of this chapter as follows:**

(1) Seventy-five percent (75%) of the money shall be distributed to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1.

(2) Twenty-five percent (25%) of the money shall be distributed to each of the counties, cities, and towns eligible to

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1 receive a distribution from the local road and street account
 2 under IC 8-14-2 and in the same proportion among the
 3 counties, cities, and towns as funds are distributed under
 4 IC 8-14-2-4.

5 (b) If a city or town that is eligible for a distribution under this
 6 section is located in more than one (1) county, vehicles registered,
 7 highway miles located, and population residing outside the county
 8 may not be considered in computing a distribution by the county
 9 auditor to the city or town under this section.

10 (c) Money distributed under this section may be used for any
 11 purpose that money distributed from the motor vehicle highway
 12 account may be used. Money distributed under this section shall be
 13 treated as additional revenues. The amount distributed may not be
 14 considered for purposes of computing the ad valorem property tax
 15 levy limits imposed on a civil taxing unit by IC 6-1.1-18.5-3.

16 SECTION 3. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS
 17 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
 18 PASSAGE]:

19 **Chapter 9. Property Tax Replacement Income Tax**

20 **Sec. 1.** As used in this chapter, "adjusted gross income" has the
 21 meaning set forth in IC 6-3-1-3.5(a). However, if the county
 22 taxpayer is not a resident of a county that has imposed the
 23 property tax replacement income tax, the term includes only
 24 adjusted gross income derived from the taxpayer's principal place
 25 of business or employment.

26 **Sec. 2.** As used in this chapter, "civil taxing unit" means any
 27 entity having the power to impose ad valorem property taxes. The
 28 term does not include:

- 29 (1) a solid waste management district that is not entitled to a
- 30 distribution under section 8 of this chapter; or
- 31 (2) a school corporation.

32 However, in the case of a consolidated city, the term includes the
 33 consolidated city and all special taxing districts, all special service
 34 districts, and all other entities of the consolidated city whose
 35 budgets and property tax levies are subject to review under
 36 IC 36-3-6-9.

37 **Sec. 3.** As used in this chapter, "county council" includes the
 38 city-county council of a consolidated city.

39 **Sec. 4.** As used in this chapter, "county taxpayer" as it relates
 40 to a county for a year means an individual:

- 41 (1) who resides in the county on the date specified in section
- 42 23 of this chapter; or

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(2) who maintains a principal place of business or employment in the county on the date specified in section 23 of this chapter and who does not on that same date reside in another county in which the property tax replacement income tax is in effect.

Sec. 5. As used in this chapter, "nonresident county taxpayer", as it relates to a county for a year, means a county taxpayer for the county for that year who is not a resident county taxpayer of the county for that year.

Sec. 6. As used in this chapter, "resident county taxpayer", as it relates to a county for a year, means any county taxpayer who resides in that county on the date specified in section 23 of this chapter.

Sec. 7. As used in this chapter, "school corporation" has the meaning set forth in IC 36-1-2-17.

Sec. 8. (a) This section applies to a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).

(b) A district may not receive a distribution under this chapter unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

Sec. 9. (a) A county council may adopt an ordinance under this chapter to do the following:

(1) Impose a property tax replacement income tax or increase the rate of a property tax replacement income tax imposed in the county.

(2) Terminate a property tax replacement income tax or reduce the rate of a property tax replacement income tax imposed in the county.

(3) Either:

(A) allocate a percentage of the property tax replacement income tax imposed in the county; or

(B) increase the percentage of property tax replacement income tax used;

to increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2.

(4) Reduce or terminate the percentage of property tax replacement income tax used to increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2.

(b) An ordinance described in subsection (a) must be adopted after January 1 and before April 1 of a calendar year.

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(c) An ordinance adopted under:

(1) subsection (a)(1) or (a)(2) takes effect July 1 of the year the ordinance is adopted; and

(2) subsection (a)(3) or (a)(4) takes effect January 1 of the calendar year immediately following the year the ordinance is adopted.

An ordinance adopted under subsection (a) must specify the date the ordinance takes effect.

(d) The county auditor shall record all votes taken on ordinances under this chapter and immediately send by certified mail a certified copy of the results to the department of revenue and the department of local government finance.

(e) An ordinance adopted under subsection (a)(1) or (a)(3) remains in effect until rescinded under an ordinance adopted under subsection (a)(2) or (a)(4).

Sec. 10. (a) A property tax replacement income tax may be imposed, increased, or reduced in any increment of one-tenth of one percent (0.1%) on the adjusted gross income of a county taxpayer in the county. However, the maximum property tax replacement income tax that may be imposed on a nonresident county taxpayer is three-tenths of one percent (0.3%), and the maximum tax that may be imposed on a resident county taxpayer is one percent (1%). The property tax replacement income tax rate imposed on resident county taxpayers may be higher than the rate imposed on nonresident county taxpayers. The property tax replacement income tax rate imposed on nonresident county taxpayers may not be higher than the rate imposed on resident county taxpayers.

(b) The initial ordinance that imposes a property tax replacement income tax must separately state the rate at which the tax is being imposed on resident county taxpayers and the rate at which the tax is being imposed on nonresident county taxpayers.

(c) An ordinance that increases or reduces the property tax replacement income tax rate in a county must state the current rate and the rate to which the property tax replacement income tax is being increased or decreased.

Sec. 11. A county council may impose or increase a property tax replacement income tax even if a county adjusted gross income tax, county option income tax, or county economic development income tax is in effect in the county.

Sec. 12. A county council may not reduce the property tax replacement income tax rate if the civil taxing unit has pledged the

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distribution under IC 6-1.1-21-13 for any purpose allowed by IC 5-1-14 or any other statute.

Sec. 13. (a) Except as provided in subsections (b) and (c), if the property tax replacement income tax is not in effect during a county taxpayer's entire taxable year, the amount of property tax replacement income tax that the county taxpayer owes for that taxable year is the result determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property tax replacement income tax the county taxpayer would owe if the tax had been imposed during the county taxpayer's entire taxable year.

STEP TWO: Determine the number of days during the county taxpayer's taxable year during which the property tax replacement income tax was in effect.

STEP THREE: Determine the total number of days in the county taxpayer's taxable year.

STEP FOUR: Divide the STEP TWO amount by the STEP THREE amount.

STEP FIVE: Multiply the STEP ONE amount by the quotient determined under STEP FOUR.

(b) If a county taxpayer:

- (1) is unemployed for a part of the taxpayer's taxable year;
- (2) was not discharged for just cause (as defined in IC 22-4-15-1(d)); and
- (3) has no earned income for the part of the taxpayer's taxable year that the property tax replacement income tax was in effect;

the county taxpayer's adjusted gross income for the taxable year is reduced by the amount of the taxpayer's earned income for the taxable year.

(c) A taxpayer who qualifies under subsection (b) must file a claim for a refund for the difference between the property tax replacement income tax owed, as determined under subsection (a), and the tax owed, as determined under subsection (b). A claim for a refund must be made on a form approved by the department of state revenue and must include all supporting documentation reasonably required by the department of revenue.

Sec. 14. (a) Except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside Indiana, the county taxpayer is entitled to a

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credit against the county taxpayer's property tax replacement income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the property tax replacement income tax. However, the credit provided by this section may not reduce a county taxpayer's property tax replacement income tax liability to an amount less than the county taxpayer would have owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of property tax replacement income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer must provide the department of state revenue with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 15. (a) If for a particular taxable year a county taxpayer is, or a county taxpayer and spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the county taxpayer is, or the county taxpayer and spouse are, entitled to a credit against the taxpayer's liability or the taxpayer's and the taxpayer's spouse's liability for property tax replacement income tax for that same taxable year. The amount of the credit equals the result determined under STEP SIX of the following formula:

STEP ONE: Determine the taxpayer's credit or the taxpayer's and the taxpayer's spouse's credit for the elderly or the totally disabled for that same taxable year.

STEP TWO: Determine the property tax replacement income tax rate imposed against the county taxpayer or the county taxpayer and the county taxpayer's spouse.

STEP THREE: Divide the STEP TWO amount by fifteen-hundredths (0.15).

STEP FOUR: Multiply the STEP ONE amount by the STEP THREE quotient.

STEP FIVE: Determine the amount of property tax replacement income tax imposed on the county taxpayer or the county taxpayer and the county taxpayer's spouse.

STEP SIX: Determine the lesser of the STEP FOUR product or the STEP FIVE amount.

(b) If a county taxpayer and the county taxpayer's spouse file a joint return and are subject to different property tax replacement

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1 income tax rates for the same taxable year, the county taxpayer
 2 and the county taxpayer's spouse shall compute the credit under
 3 this section by using the formula provided by subsection (a), except
 4 that they shall use the average of the two (2) property tax
 5 replacement income tax rates imposed against them as the STEP
 6 TWO amount under the formula in subsection (a).

7 Sec. 16. (a) A special account within the state general fund shall
 8 be established for each county adopting the property tax
 9 replacement income tax. Any revenue derived from the imposition
 10 of the property tax replacement income tax by a county shall be
 11 deposited in that county's account in the state general fund.

12 (b) Income earned on money held in an account under
 13 subsection (a) becomes a part of that account.

14 (c) Revenue remaining in an account established under
 15 subsection (a) at the end of a fiscal year does not revert to the state
 16 general fund.

17 Sec. 17. (a) Revenue derived from the imposition of the property
 18 tax replacement income tax shall, in the manner prescribed by this
 19 section, be distributed to the county that imposed the tax. The
 20 amount to be distributed to a county during an ensuing calendar
 21 year equals the amount of property tax replacement income tax
 22 revenue that the department of state revenue, after reviewing the
 23 recommendation of the budget agency, estimates will be received
 24 from that county during the twelve (12) month period beginning
 25 July 1 of the immediately preceding calendar year and ending June
 26 30 of the following calendar year.

27 (b) Before July 2 of each calendar year, the department of state
 28 revenue, after reviewing the recommendation of the budget agency,
 29 shall estimate and certify to the county auditor of each adopting
 30 county the amount of property tax replacement income tax revenue
 31 that will be collected from that county during the twelve (12)
 32 month period beginning July 1 of that calendar year and ending
 33 June 30 of the immediately following calendar year. The amount
 34 certified is the county's "certified distribution" for the immediately
 35 following calendar year. The amount certified may be adjusted
 36 under subsection (c) or (d).

37 (c) The department of state revenue may certify to an adopting
 38 county an amount that is more than the estimated twelve (12)
 39 month revenue collection if the department of state revenue, after
 40 reviewing the recommendation of the budget agency, determines
 41 that there will be more revenue available for distribution from the
 42 county's account established under section 16 of this chapter.



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(d) The department of state revenue may certify an amount less than the estimated twelve (12) month revenue collection if the department of state revenue, after reviewing the recommendation of the budget agency, determines that a part of those collections must be distributed during the current calendar year to enable the county to receive its full certified distribution for the current calendar year.

Sec. 18. (a) One-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) Distributions made to a county treasurer under subsection (a) shall be treated as though they were property taxes that were due and payable during that same calendar year. The certified distribution shall be distributed and used by the civil taxing units as provided in this chapter.

(c) All distributions from an account established under section 16 of this chapter must be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 19. (a) The certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units of the county as property tax replacement credits.

(b) The certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 20, 21, and 22 of this chapter.

Sec. 20. (a) The county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units of the county.

(b) Except as provided in section 21 of this chapter, the amount of property tax replacement credits that each civil taxing unit in a county is entitled to receive during a calendar year is the result determined under STEP FIVE of the following formula:

STEP ONE: Determine that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year.

STEP TWO: Determine the sum of the following:

(A) The total property taxes collected by each civil taxing unit during the calendar year immediately preceding the

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calendar year in which the distribution is to be made.

(B) The amount of federal revenue sharing funds and certified shares received under IC 6-3.5-1.1 or homestead credits received under IC 6-3.5-6 by each civil taxing unit during the calendar year immediately preceding the year in which the distribution is to be made to the extent that the receipts are used to reduce the civil taxing unit's property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

STEP THREE: Determine the sum of the following:

(A) The total property taxes collected by all civil taxing units in the county in the calendar year immediately preceding the calendar year in which the distribution is to be made.

(B) The amount of federal revenue sharing funds and certified shares received under IC 6-3.5-1.1 or homestead credits received under IC 6-3.5-6 by all civil taxing units in the county during that calendar year to the extent that the receipts are used to reduce the county's property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

STEP FOUR: Divide the STEP TWO sum by the STEP THREE sum.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR quotient.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit the amount of property tax replacement credits the civil taxing unit is entitled to receive, after making the adjustment under section 21 of this chapter, during the calendar year. The county auditor shall also certify these distributions to the county treasurer.

Sec. 21. (a) This section applies to a civil taxing unit that:

(1) imposes a property tax that is first due and payable in a calendar year in which a distribution is made under this chapter; and

(2) did not impose a property tax that was first due and payable in the calendar year that immediately precedes the calendar year in which the distribution is made.

(b) A civil taxing unit is entitled to receive part of the property

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1 tax replacement credits to be distributed within the county. The
 2 amount that the civil taxing unit is entitled to receive during the
 3 calendar year in which the distributions are made is the result
 4 determined under STEP FIVE of the following formula:

5 STEP ONE: Determine the part of the county's certified
 6 distribution that is to be used to provide property tax
 7 replacement credits during the calendar year.

8 STEP TWO: Determine the budget of the civil taxing unit for
 9 the calendar year.

10 STEP THREE: Determine the aggregate budgets of all civil
 11 taxing units of that county for the calendar year.

12 STEP FOUR: Divide the STEP TWO amount by the STEP
 13 THREE amount.

14 STEP FIVE: Multiply the STEP ONE amount by the STEP
 15 FOUR quotient.

16 (c) If for a calendar year a civil taxing unit is allocated a
 17 proportion of a county's property tax replacement credits by this
 18 section, the formula used in section 20 of this chapter to determine
 19 all other civil taxing units' property tax replacement credits shall
 20 be changed for that same year by reducing the amount dedicated
 21 to providing property tax replacement credits by the amount of
 22 property tax replacement credits allocated under this section for
 23 the same calendar year. The department of local government
 24 finance shall make any adjustments required by this section and
 25 provide them to the appropriate county auditors.

26 Sec. 22. (a) In determining the amount of property tax
 27 replacement credits civil taxing units in a county are entitled to
 28 receive during a calendar year, the department of local
 29 government finance shall consider only property taxes imposed on
 30 tangible property that was assessed in that county.

31 (b) If a civil taxing unit is located in more than one (1) county
 32 and receives property tax replacement credits from one (1) or more
 33 of the counties, the property tax replacement credits received from
 34 each county shall be used only to reduce the property tax rates that
 35 are imposed within the county that distributed the property tax
 36 replacement credits.

37 (c) A civil taxing unit shall treat any property tax replacement
 38 credits that it receives or is to receive during a particular calendar
 39 year as a part of its property tax levy for that same calendar year
 40 for purposes of fixing its budget and for purposes of the property
 41 tax levy limits imposed by IC 6-1.1-18.5.

42 Sec. 23. (a) For purposes of this chapter, an individual is a



1 resident of the county in which the individual:

- 2 (1) maintains a home, if the individual maintains only one (1)
 3 home in Indiana;
 4 (2) is registered to vote, if subdivision (1) does not apply;
 5 (3) registers a personal automobile, if subdivisions (1) and (2)
 6 do not apply; or
 7 (4) spends the majority of time spent in Indiana during the
 8 taxable year in question, if subdivisions (1), (2), and (3) do not
 9 apply.

10 (b) The residence or principal place of business or employment
 11 of an individual is to be determined on January 1 of the calendar
 12 year in which the individual's taxable year commences. If an
 13 individual changes the location of the individual's residence or
 14 principal place of employment or business to another county in
 15 Indiana during a calendar year, the individual's liability for
 16 property tax replacement income tax is not affected.

17 (c) Notwithstanding subsection (b), if an individual becomes a
 18 county taxpayer for purposes of IC 36-7-27 during a calendar year
 19 because the individual:

- 20 (1) changes the location of the individual's residence to a
 21 county in which the individual begins employment or business
 22 at a qualified economic development tax project (as defined in
 23 IC 36-7-27-9); or

- 24 (2) changes the location of the individual's principal place of
 25 employment or business to a qualified economic development
 26 tax project and does not reside in another county in which the
 27 property tax replacement income tax is in effect;

28 the individual's adjusted gross income attributable to employment
 29 or business at the qualified economic development tax project (as
 30 defined in IC 36-7-27-9) is taxable only by the county containing
 31 the qualified economic development tax project (as defined in
 32 IC 36-7-27-9).

33 Sec. 24. (a) The county council of an adopting county may adopt
 34 an ordinance to enter into reciprocity agreements with the taxing
 35 authority of any city, town, municipality, county, or other similar
 36 local governmental entity of any other state. Such a reciprocity
 37 agreement must provide that the income of resident county
 38 taxpayers is exempt from income taxation by the other local
 39 governmental entity to the extent that income of the residents of
 40 the other local governmental entity is exempt from the property
 41 tax replacement income tax in the adopting county.

42 (b) A reciprocity agreement entered into under subsection (a)



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1 may not become effective until it is also made effective in the other
2 local governmental entity that is a party to the agreement.

3 (c) The form and effective date of any reciprocity agreement
4 described in this section must be approved by the department of
5 state revenue.

6 Sec. 25. (a) Except as otherwise provided in this chapter, all
7 provisions of the adjusted gross income tax law (IC 6-3)
8 concerning:

9 (1) definitions;

10 (2) declarations of estimated tax;

11 (3) filing of returns;

12 (4) remittances;

13 (5) incorporation of the provisions of the Internal Revenue
14 Code;

15 (6) penalties and interest;

16 (7) exclusion of military pay credits for withholding; and

17 (8) exemptions and deductions;

18 apply to the imposition, collection, and administration of the
19 property tax replacement income tax imposed under this chapter.

20 (b) The provisions of IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do
21 not apply to the property tax replacement income tax imposed
22 under this chapter.

23 (c) Notwithstanding subsections (a) and (b), each employer shall
24 report to the department of state revenue the amount of
25 withholdings for a property tax replacement income tax
26 attributable to each county. This report shall be submitted
27 annually along with the employer's annual withholding report.

28 Sec. 26. Before February 1 of each year, the department of state
29 revenue shall submit a report to each county treasurer indicating
30 the balance in the county's property tax replacement income tax
31 account as of the end of the preceding year.

32 SECTION 4. IC 6-8.1-1-1, AS AMENDED BY P.L.192-2002(ss),
33 SECTION 140, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2003]: Sec. 1. "Listed taxes" or "taxes" includes
35 only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the
36 riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC
37 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility receipts
38 tax (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the
39 adjusted gross income tax (IC 6-3); the supplemental net income tax
40 (IC 6-3-8) (repealed); the county adjusted gross income tax (IC
41 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county
42 economic development income tax (IC 6-3.5-7); **the property tax**

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replacement income tax (IC 6-3.5-9); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 5. IC 8-18-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) Except as provided in subsection (c), all expenses incurred in the maintenance of county highways shall be paid out of funds from the gasoline tax, special fuel tax, and the motor vehicle registration fees that are paid to the counties by the state, and from funds derived from the:

- (1) county motor vehicle excise surtax;
- (2) county wheel tax;
- (3) county adjusted gross income tax;
- (4) county option income tax;
- (5) riverboat admission tax (IC 4-33-12); ~~or~~
- (6) riverboat wagering tax (IC 4-33-13); ~~or~~

(7) additional distribution under IC 6-1.1-21-13.

(b) Except as provided in subsection (c), no ad valorem property tax may be levied by any county for the maintenance of county highways, except in an emergency and by unanimous vote of the county fiscal body.

(c) The county fiscal body may appropriate money from the county general fund to the county highway department to pay for employees' personal services.

SECTION 6. IC 8-18-22-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) Except as



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provided in subsection (b), the county fiscal body may pledge revenues for the payment of principal and interest on the bonds and for other purposes under the ordinance as provided by IC 5-1-14-4, including revenues from the following sources:

- (1) The motor vehicle highway account.
- (2) The local road and street account.
- (3) The county motor vehicle excise surtax.
- (4) The county wheel tax.
- (5) The county adjusted gross income tax.
- (6) The county option income tax.
- (7) The economic development income tax.
- (8) Assessments.
- (9) Any other unappropriated or unencumbered money.

(10) Additional distributions under IC 6-1.1-21-13.

(b) The county fiscal body may not pledge to levy ad valorem property taxes for these purposes, except for revenues from the following:

- (1) IC 8-16-3.
- (2) IC 8-16-3.1.

(c) If the county fiscal body has pledged revenues from the county option income tax as set forth in subsection (a), the county income tax council (as defined in IC 6-3.5-6-1) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county income tax council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

(d) If the county fiscal body has pledged revenues from the economic development income tax as set forth in subsection (a), the county income tax council (if the council is the body that imposed the tax) may covenant that the council will not repeal or modify the tax in a manner that would adversely affect owners of outstanding bonds issued under this chapter. The county income tax council may make the covenant by adopting an ordinance using procedures described in IC 6-3.5-6.

SECTION 7. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-9, as added by this act, a county council may adopt an ordinance to impose a property tax replacement income tax or allocate a percentage of the property tax replacement income tax to homestead credits after March 31, 2003, and before June 1, 2003.

(b) This SECTION expires July 1, 2004.

SECTION 8. An emergency is declared for this act.



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